

STATE OF WASHINGTON



OFFICE OF
INSURANCE COMMISSIONER

In the Matter of

**The Market Conduct Examination
of John Hancock Mutual Life Insurance
Company and John Hancock Variable
Life Insurance Company.**

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) No. G 98 - 46

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) FINDINGS, CONCLUSIONS, AND

) ORDER ADOPTING REPORT

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BACKGROUND

An examination of the market conduct of John Hancock Mutual Life Insurance Company (AJHMLICO@) and John Hancock Variable Life Insurance Company (AJHVLICO@) (the Companies) as of December 31, 1996, was conducted by market conduct examiners of the Washington State Office of the Insurance Commissioner. The Companies are authorized insurers under RCW 48.05.030. This examination was conducted in compliance with the laws and regulations of the State of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the Office of the Insurance Commissioner. This examination was limited to Marketing and Sales Practices, Complaint Handling, and Replacement Activity.

The examination report with the findings and recommendations was transmitted to the Companies for their comments on October 9, 1998. Response to the draft report was received on October 12, 1998.

The Commissioner or a designee has considered the report, the relevant portions of the examiner workpapers, and the submission by the Companies. The Companies requested one change, which was made. The Companies said they had no other objection to the report.

Subject to the right of the Company to demand a hearing pursuant to chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

FINDINGS

The Commissioner adopts as findings the findings of the examiners as contained on pages 6-17 of the report.

CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the market conduct of the Company.

ORDER

The examination report as filed, attached hereto and incorporated by reference, is hereby ADOPTED as the final examination report.

It is ORDERED that the Company comply with the Instructions in the report no later than 30 days from the date of this order and continuing thereafter. Those instructions are as follows (the page and other references are to the report):

1. The Companies do not require that copies of the final form of non-standard advertisements be submitted to the Home Office. Of 18 forms reviewed during the examination, 17 were modified and the final copies were not in the advertising file. This violates WAC 284-23-090 which requires that all forms of advertising be included in the advertising file. The Companies are instructed to include final versions of non-standard advertisements in the advertising file. (Page 6)
2. WAC 284-23-060(1) requires that the full name and address of the home office be on all pieces of advertising. There were two pieces of advertising that did not contain the Companies' address. The Companies are instructed to add this information to these forms and all others missing the Home Office address upon the next reprint of the form or six months from the date of this report, whichever occurs first. (Page 7 and Appendix D)
3. RCW 48.17.060(1) and (2) require that agents be licensed in Washington and appointed with a company prior to soliciting business on their behalf. We found one policy where the agent was not appointed with

the Companies prior to taking an application on their behalf. The Companies are instructed to revise their appointment procedure to ensure that this does not occur in the future. (Page 7)

4. WAC 284-30-650 requires companies to respond to OIC communications within 15 working days of the date of receipt by the company. The response time on OIC complaints was greater than 15 working days. The Companies are instructed to respond to all OIC communications within the allotted time frame. (Page 11 and Appendix A)

5. WAC 284-23-455(2)(b) requires a replacing company to notify the existing company within 3 working days of receiving an application indicating replacement. Neither JHMLICO or JHVLICO meet this requirements. Average notification time for JHMLICO is 10.33 days and for JHVLICO is 16.47 days. In our review, notification on 43% of the external replacement files sampled took longer than 3 days. The Companies allow the agency office to hold applications indefinitely before sending them to the Home Office for processing. The Companies are instructed to ensure that replacement notification is sent to the existing company within 3 days of receipt either at their home office or their agency office as required by WAC 284-23-455. (Page 14 and Appendix H)

ENTERED at Lacey, Washington, on October 19, 1998.

DEBORAH SENN

Insurance Commissioner

By:

WILLIAM E. FRANSEN

Deputy Commissioner